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ROUTING AND TRANSMITTAL SLIP

Date 8-26-86

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. ADDA - 7D24 Hqs		28 AUG 1986
2. DDA		
3. MS/DA		
4.		
5. DDA REG.		

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As Requested	For Correction	Prepare Reply
Circulate	✓ For Your Information	See Me
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Coordination	Justify	

REMARKS

cc: D/OS

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ER 86-1489x

Central Intelligence Agency
Office of the Deputy Director for Science & Technology

28 August 1986

NOTE FOR: D/DCI/DDCI ES

FROM: Acting DDS&T

Jim,

I am forwarding the attached for your information and discussion with the DDCI. This response was prepared by the IC Staff.

Jim Hirsch

cc: DDA
Acting D/OCA
Comptroller

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27 Aug 86

The Honorable Bill Chappell, Jr.
Chairman
Subcommittee on Defense
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I have your letter of 13 August 1986, in which you expressed concern about perceived impediments to the flow of legitimate intelligence program information from industry to your Subcommittee, and suggested a new way of conducting business with industry on classified programs. Please be assured of my unequivocal and continuing commitment to work in partnership with your Subcommittee to achieve the most effective National Foreign Intelligence Budget possible. I believe that the appropriate exchange of information among the major participants in the budget process is essential to making that partnership work.

Your letter raises several troubling issues, and I certainly understand your concern if there is any perception of attempts to deny the Subcommittee information it needs to conduct its business. However, I must tell you that I am not aware of any instance in which requests for budget or program information, as mutually agreed upon, have been denied to your Subcommittee or have been improperly delayed. If such has occurred, I should like to know the specifics, and I can assure you that steps will be taken to correct the situation.

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Bill, I believe that our current procedures are sound and that our system works. But that is only half of it. I am also concerned that you understand why certain important aspects of what you asked me to do in your letter are simply not conducive to maintaining a secure and effective National Foreign Intelligence Program. First, from a security standpoint, your proposal in effect asks me to relax important security safeguards, safeguards which the Community has in fact been reviewing to see if we need to make them even more stringent. I am sure that you are aware that interactions among any organizations or individuals involved with the NFIP must be based on the "need-to-know" principle. Please understand that I am not questioning your Subcommittee's access to this information. But from the standpoint of how you conduct business with contractors who have access to classified information, and with the Government personnel who must deal with them, the fact that individuals possess a specific clearance does not mean that any matter covered by that clearance is appropriate for discussion among them. This principle is fundamental to our security.

We can point to a number of instances in which erosion of the "need-to-know" principle has led to the unnecessary spread of sensitive information with a concomitant increase in the probability of leak or compromise. We in Government are continually made aware of the need for strict control of the distribution of sensitive information; industry is less so. Even for extended periods of interaction in the development of intelligence systems, care is taken to limit, to the minimum needed to get the job done, the period and

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basis of interaction. For example, whenever I visit industrial facilities, my clearances are passed for a specific period and for specific reasons. I am very much concerned that the change you propose would send the wrong signal to our contractors, one that is completely at variance with our longstanding security policy which we have been reenforcing over the last six years.

There is another matter raised by your letter which also causes me great concern. That is the implication that it is not necessary for me or my program managers to be aware of interchanges between your Subcommittee and industry on programs for the execution of which I have ultimate responsibility. Mere knowledge of discussions between your staff and contractors involved in our programs, or the advocacy of programmatic positions by responsible members of system development teams, does not imply prior constraint or interference in the exchange of information among participants who have a need to know. It is essential that my program managers be aware of all important facts bearing on their programs.

Finally, decisions on major NFIP systems are becoming more broadly based than ever. In some cases, all of the facts that determine such decisions come together only at the top of the Intelligence Community, that is, in discussions between me and the program managers themselves. Such was the case on a program well known to you and your staff. I can assure you that the principal determinants of the solution in that case were not resident at any one level in the Intelligence Community, including that of the program manager directly involved. I strongly believe that the secret exchange of fragmentary

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programmatic information, out of context with the entire intelligence picture, would inevitably lead to more misunderstandings and would fundamentally impair my ability to provide effective leadership and management of these programs.

I hope that you will find this to be a full and fair response to the concerns raised in your letter. I encourage your staff to continue to work with us, and to bring to my attention any situation in which they believe attempts are being made to deny them access to the information needed to perform the Subcommittee's work.

With best wishes, I am,

Sincerely yours,

William J. Casey
Director of Central Intelligence

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